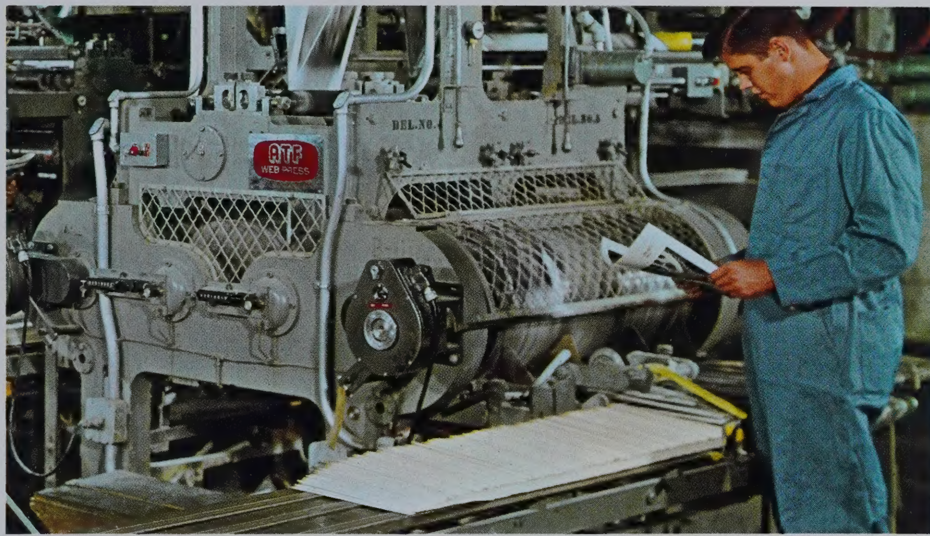
MEDICAL PRODUCTS



PRINTING & PUBLISHING

INDUSTRIAL PRODUCTS

CONSUMER PRODUCTS

STANDARD INTERNATIONAL CORPORATION

ANNUAL REPORT 1967

Fabian Bachrach

BOARD OF DIRECTORS Seated, left to right: Warren S. Cooper*, John Bolten, Jr., *Chairman* John Bolten, Sr.*, *President* Daniel E. Hogan*, Samuel S. Dennis 3d*, William L. Brown*. Standing, left to right: Gale M. Deam‡, Charles J. McCarthy, Kurt H. Grunebaum, James N. Johnson, Hans S. Vohs. Not shown: Norman W. Todd.
*Member of Executive Committee ‡Director Emeritus

OFFICERS

John Bolten, Sr., *Chairman of the Board of Directors*
Daniel E. Hogan, *President*
John Bolten, Jr., *Vice President*
Warren S. Cooper, *Vice President and Treasurer*
Gale M. Deam, *Vice President*
Samuel S. Dennis 3d, *Vice President*
James N. Johnson, *Vice President*
Charles J. McCarthy, *Vice President*
Sol Sackel, *Vice President*
Norman W. Todd, *Vice President*
Hans S. Vohs, *Vice President*
George H. Crawford, *Secretary*

CORPORATE STAFF

President — Daniel E. Hogan
Treasurer — Warren S. Cooper
Assistant Treasurer — Donald N. Junior
Marketing and Public Relations — Sol Sackel
Secretary and Counsel — George H. Crawford
Personnel and Industrial Relations — George F. Henderson
Data Processing — Robert L. Avakian
Engineering — Leonard S. Kranser
Senior Internal Auditor — John J. Bentley
Assistant to the President — Randolph W. McLaughlin

EXECUTIVE OFFICES Andover, Mass. 01810

GENERAL COUNSEL Hale & Dorr, 60 State Street, Boston, Mass.

AUDITORS Haskins & Sells, 70 Federal Street, Boston, Mass.

COMMON STOCK Listed and traded on the American Stock Exchange

TRANSFER AGENTS

Old Colony Trust Company, 1 Federal Street, Boston, Mass.
First National City Bank, 55 Wall Street, New York, New York

REGISTRARS

The First National Bank of Boston, 67 Milk Street, Boston, Mass.
Irving Trust Company, 1 Wall Street, New York, New York

REGISTRAR AND TRUSTEE
5% Subordinated Debentures

The Chase Manhattan Bank
1 Chase Manhattan Plaza, New York, New York

ANNUAL MEETING The Annual Meeting of the Stockholders will be held at 10:00 A.M. on Thursday, October 26, 1967, at Standard International's Executive Offices, Elm Square, Andover, Mass.

ANNUAL REPORT 1967

For the Fiscal Year Ended June 30, 1967

STANDARD INTERNATIONAL CORPORATION

CONTENTS

HIGHLIGHTS

	Fiscal Years Ended June 30	
OPERATIONS	**1967**	**1966**
Consolidated Net Sales	**$58,387,832**	$56,866,190
Unconsolidated Net Sales of Foreign Subsidiaries	**29,765,897**	23,924,520
Total	**88,153,729**	80,790,710
Income Before Taxes on Income	**6,020,488**	5,270,242
Provision for Taxes on Income	**2,620,000**	2,007,939
Net Income (excludes equity in undistributed foreign earnings and special items)	**3,400,488**	3,262,303
Depreciation and Amortization	**1,627,516**	1,616,999
Cash Flow	**5,002,263**	4,914,896
PER SHARE OF COMMON STOCK (1)		
Earnings — As Reported	**1.60**	1.53
Earnings — On Normalized Tax Basis (2)	**1.60**	1.42
Book Value	**9.53**	8.19
Number of Shares Outstanding	**2,101,625**	2,104,722
FINANCIAL POSITION		
Working Capital	**11,853,600**	10,827,030
Total Assets	**50,135,781**	44,742,933
Stockholders' Equity	**20,787,805**	18,140,642

(1) Includes all necessary adjustments to reflect 4% stock dividends paid in January and December, 1966, pooling-of-interests acquisitions, and average number of shares outstanding as to 1967.

(2) Reflects elimination in 1966 of Federal income tax loss carry-forward.


Chairman John Bolten and President Daniel E. Hogan

TO OUR STOCKHOLDERS:

The fiscal year ended June 30, 1967, was the best in Standard International's history. From every point of view, it was a year of gratifying progress and achievement.

In last year's report, we expressed confidence that the Company was "now in a position to exploit its present opportunities and to successfully accept promising new challenges at an accelerated pace". The accomplishments of the past year and recent developments in the current fiscal year attest to the validity of that statement.

With the continuation of a strong earnings pattern, with an enlarged capital structure, and with the strongest financial position in the Company's history, we are confident that — through both internal expansion and acquisition — fiscal 1968 will see a continuation of this growth.

Record Sales and Earnings

For the fourth consecutive year, Standard International established new highs in sales, net income and earnings per share. For fiscal 1967, pre-tax profits rose to $6,020,000, an increase of 14% above the prior year's results. Despite a considerably higher effective tax rate, net profits rose 4.2% to $3,400,000, or $1.60 per common share, from last year's $3,262,000, or $1.53 per share. The balance of the tax loss carry-forward previously available to the Company was utilized in 1966, resulting in the increased tax rate in fiscal 1967.

Consolidated sales increased about 2% from $56,987,000 to $58,388,000, and unconsolidated foreign sales about 25% to $29,766,000, making a total of $88,154,000 in sales against last year's combined total of $80,791,000.

Sales and earnings figures for both years are adjusted to reflect the acquisition of Todd Steel on a pooling-of-interests basis and per share earnings reflect the 4% stock dividends paid in January and December, 1966.

Five-Year Earnings Growth

Through the continued improvement and expansion of Standard's operating divisions and through the acquisition of profitable companies, the Company has been able to achieve a strong and continuing upward trend in profits.

The following figures illustrate this growth:

INCOME *(In Thousands of Dollars)*
Fiscal Years Ending June 30

	1963	1964	1965	1966	1967
Before Taxes	$1,936	2,948	4,184	5,270	6,020
After Taxes	$1,013	1,384	2,828	3,262	3,400
Per Share	$ .45	.69	1.38	1.53	1.60

Present Level of Operations

Of the seven acquisitions consummated in fiscal 1967, only one — Todd Steel — was on a pooling-of-interests basis involving an exchange of stock. Had all the acquisitions been on this same basis, domestic consolidated sales would have amounted to about $62,000,000 for the year. Further, the acquisitions agreed to since June 30 would add about $12,000,000, which would bring consolidated sales to an annual rate of approximately $77,000,000.

These figures, when coupled with the unconsolidated foreign sales of about $30,000,000, would result in total sales volume in excess of $100,000,000. We cite these figures merely to present a more complete picture of the size and scope of your Company's present level of operations.

Financial Review

Standard International is in the strongest financial position in its history. At year-end, the working capital amounted to $11,854,000, an increase of 9.3% from the previous year. Stockholders' equity rose 14.6% to $20,788,000 and book value per common share rose to $9.53 from $8.19 at June 30 the prior year.

Cash dividends declared on the common stock were maintained at 24¢ per share for the year. In addition, a 4% stock dividend was paid in December, 1966. In view of the requirements for planned expansion, acquisitions and debt-retirement during the next few years, the Company continues to maintain a conservative dividend policy.

On August 9, 1967, Standard International sold through a public offering $12,000,000 of 5% convertible subordinated debentures. Convertible into common stock at $23 per common share, the 20-year debentures provided funds for the following purposes: about $2,000,000 for expansion of plants and product lines at Standard Publishing, Edward Weck, Pan American Bag and Todd Steel; about $3,600,000 to repay short-term borrowings made in connection with acquisitions consummated during the past year; the balance of about $6,000,000 is available for acquisition of other companies and for general corporate purposes.

On August 29, the American Stock Exchange approved our application for the listing of the convertible debentures and trading commenced in September.

At a Special Meeting of Stockholders held on July 28, 1967, stockholders approved an increase in the authorized number of common shares to five million and authorized the establishment of a new class of preference stock. While it is your Company's desire to acquire companies for cash and/or notes whenever possible and prudent, there are many situations where the sellers will only negotiate on the

basis of a tax-free exchange of stock and at a pre-set dividend rate. While there are no negotiations currently under way that would require the issuance of preference stock, it is advantageous to have this type of security available.

Operating Highlights

The results achieved in fiscal 1967 reflect the high level of performance of our operating units and the vitality of the entire organization. In the past year, the major divisions turned in gratifying performances and many established new sales and earnings records.

You will find detailed reports on operations elsewhere in this report. At this point, we would simply like to emphasize our constant efforts to refine, strengthen and expand existing operations, with particular concentration in those areas which represent maximum growth and earnings potential. In addition to the introduction of new products and the institution of internal efficiencies, this program also includes the acquisition of complementary companies to extend product lines, broaden marketing facilities and strengthen the overall organization. Several important acquisitions of this nature were made last year.

While we expect to continue an aggressive acquisition policy, we also expect the internal expansion of our operating units to make an increasingly significant contribution to the growth of the Company in the years ahead.

Acquisition Program

In fiscal 1967, a total of seven acquisitions were consummated, in addition to the purchase of eight new bookstores. Todd Steel, Inc. was acquired in June for 300,000 shares of Standard International common stock. During the past five years, Todd's sales have increased at an annual compounded rate of 30% and the company's present backlog is at an all-time high. The 60,000-square-foot plant addition, now nearing completion, will provide sufficient capacity for the division to double its present sales volume of about $5,500,000. Todd designs and manufactures long-span steel joists and trusses for modern commercial, industrial and institutional construction.

Other industrial product acquisitions include: Master Etching, producers of metal nameplates, dials and panels; National Metal Specialties, hardware and metal stampings; National Bed Spring, metal beds for ships, hospitals and institutions; Roll Die and Mold and Detroit Metalcraft, engraving and etching of dies and molds; and H. E. Dickerman, patented automatic strip-feed devices for metal stamping operations and contract precision stampings.

In the field of publishing and printing, we recently acquired Doubleday Bros., a regional producer of election supplies, business forms and printed materials for schools and other institutions. Doubleday also distributes business equipment and supplies throughout the State of Michigan.

Shortly after the close of the 1967 fiscal year, Standard International acquired College Entrance Publications for cash. This long-established publishing company produces students' review books, workbooks for instructors and students, preparatory courses for College Boards and other examinations, and a broad line of audio-visual teaching aids. This acquisition will enable Standard to obtain greater penetration in the mushrooming education industry.

Club Aluminum and Monarch Aluminum Acquisitions

We have reached agreements in principle for the acquisition of Club Aluminum Products Co. of LaGrange, Illinois, and Monarch Aluminum Manufacturing Company, Inc., of Cleveland, Ohio. One of the best-known and most respected names in the housewares industry, Club Aluminum reported sales of over $5,800,000 for the twelve months ended June 30, 1967. For the same period, Monarch Aluminum, a leading manufacturer of castings and Club's prime supplier, attained sales in excess of $6,000,000, of which $2,500,000 was to Club Aluminum. In addition to the economic advantages to be gained by combining these two companies with our Everedy division, the combination will make Standard a significant factor in the housewares industry.

Under the terms of the proposed acquisitions, Monarch would be acquired for convertible notes while Club Aluminum stockholders would receive approximately 103,000 shares of Standard International common stock.

A Few Words About Conglomerates

During the past few years, the financial press and the investment community have become increasingly aware of a significant "new" phenomenon on the American business scene — the "conglomerate". The business press has reacted with a great outpouring of words on the pros and cons, the strengths and weaknesses, and the past and future prospects of this highly-diversified "new breed" of company. Particularly interesting has been the attempt to identify, classify and generalize about all such companies — a rather meaningless task at best.

It is our view that conglomerates have existed for a great many years — by whatever name — and that many of America's leading corporations could well be considered conglomerates by any rational definition. While many firms have diversified in answer to special problems or government restrictions on expansion within related industries, other firms — like Standard International — were devoted diversifiers or "conglomerates" long before the word became fashionable. From the earliest days of the Company,

we have sought to achieve maximum — yet prudent — growth in sales and earnings per share through the acquisition of good business properties, whether related or unrelated to any central product or technology.

We are dedicated to the belief that "the business of business is business", which means that management's principal responsibility to its stockholders is to maximize the return on every dollar invested by the stockholders. Whether we are a conglomerate in many fields of activity or a manufacturer married to one given industry, our success depends on the degree of continuing excellence with which management handles the assets entrusted to them by the stockholders. To a very large degree, the quality of the management determines the quality of the individual company — and whether it will prosper or not.

Your management has developed reasonable skill in acquiring companies and then managing them in a manner which has invariably resulted in improved operations. Through many years of meaningful relations with financial institutions, the Company also has developed the credit resources to vigorously pursue attractive acquisition possibilities as they appear. We intend to continue to use our inventory of assets — human and financial — to acquire companies operating in the mainstream of the economy's growth . . . to infuse them with capital and management talents as needed . . . and to provide sound operating management with sufficient incentives to produce a high level of return on investment.

Conclusion and Outlook

Fiscal 1967 was a good year for Standard International and, with reasonably sound economic conditions, 1968 should be even better. The prospects for internal growth, in addition to the increasing number of acquisition possibilities, places the Company in a better position than ever to accelerate its rate of growth.

Mr. Gale M. Deam, who joined the Corporation in 1959 and who has served as President for three divisions, resigned as a Director as of September 1. We are happy to announce his appointment as a Director Emeritus. In this capacity, we will continue to enjoy his counsel and the fruits of his long industrial experience.

Mr. Norman W. Todd, the founder of Todd Steel, has been elected to the Board of Directors and also a Vice President of the Company. Mr. Todd brings to Standard International a background of growing and successful industrial experience.

On behalf of the Board, we wish to express our appreciation to all the people of Standard International whose skills and enthusiastic dedication are in large measure responsible for the healthy growth the Company has enjoyed. Further, we would be remiss if we did not also acknowledge the encouraging support which we continue to receive from our stockholders and from the financial institutions with which we are associated.

Chairman of the Board

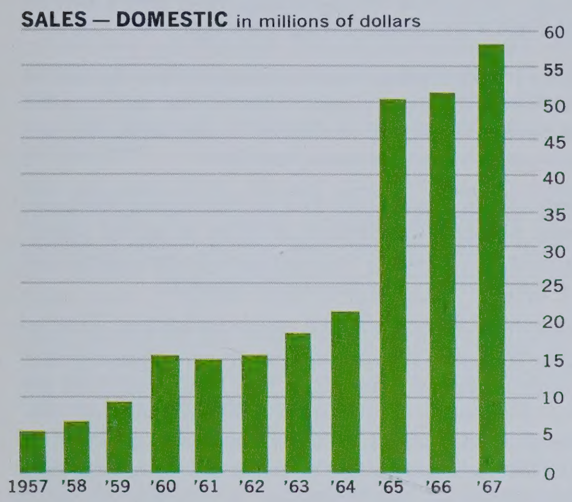
President

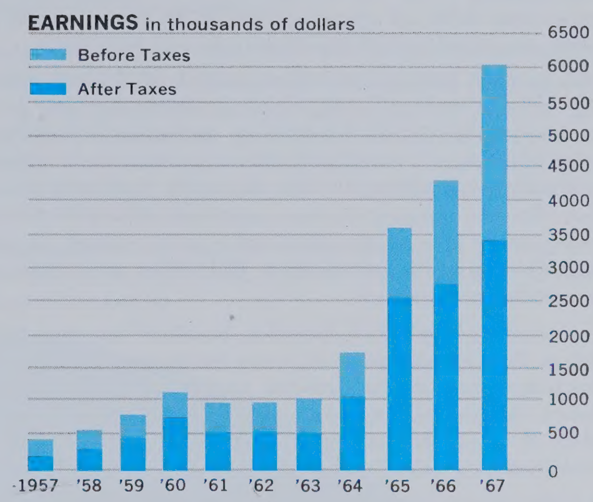
Following is a portion of an editorial entitled "The Case for Conglomerates", which appeared in the June 15, 1967 issue of FORTUNE Magazine:

*Formerly, men in, say, the cement business, knew exactly what to do with their profits: pay out part of them to stockholders and reinvest most of the balance in cement plants. But anyone who sets out to clarify his ultimate objective comes, fairly rapidly, to the proposition that his main objective is maximizing the return on his capital and, thereby, raising the value of his stock. And when he gets to that, he proceeeds inexorably to the thought that alternate investment may yield higher payoffs than cement. When he gets used to the idea that alternate investments are not only legal and moral, but profitable, he is pretty far along the road to becoming a conglomerator. ****

In short, the critics of conglomeration who view it as an irrational and aberrant development in business history, or as just the latest fad on Wall Street, are missing the point. The diversifiers are far more rational than those business men who are, so to speak, stuck in cement.

DECADE OF GROWTH 1957-1967





All figures in the above graphs include operations of purchased, merged or discontinued companies only during those years when they were part of Standard International Corporation. (Figures through 1961 on calendar year basis; figures for 1962-1967 based on fiscal year ending June 30.)

DECADE OF GROWTH:	TODAY	TEN YEARS AGO	
OPERATIONS	**Fiscal 1967**	**Calendar 1957**	**Increase**
Sales and Other Income (Domestic)	**$58,387,832**	$5,798,659	10x
Unconsolidated Overseas Sales (1)	**29,765,897**	*	*
Total	**88,153,729**	5,798,659	15x
Pre-Tax Earnings (2)	**6,020,488**	419,876	14x
Taxes on Income	**2,620,000**	212,274	12x
Net Income Applicable to Common Stock	**3,369,957**	207,602	16x
Per Common Share	**1.60**	*	*
Depreciation and Amortization	**1,627,516**	576,024	3x
Cash Flow	**5,002,263**	783,626	6x
FINANCIAL AND OTHER DATA			
Property, Plant and Equipment — at Cost	**$21,963,455**	$3,297,443	7x
Working Capital	**11,853,600**	1,753,586	7x
Long-Term Debt	**20,046,644**	5,167,173	4x
Equity Attributable to Common Stock	**20,025,805**	380,289	52x
Per Common Share	**9.53**	*	*

*Not Comparable

(1) Principally 51% to 55%-owned Coca-Cola franchises.
(2) Includes only dividends actually received from foreign subsidiaries; does not include equity in unremitted profits.

PUBLISHING, PRINTING, PACKAGING

Participating in the vigorous growth of the graphic arts and educational fields, all operating units of this group enjoyed another year of substantially increased sales and earnings.

New products and expanded distribution, coupled with accelerating demand, resulted in the eleventh consecutive year of increased sales for Standard Publishing. Marketing activities in its three vital areas — religious publications, educational materials and commercial printing — were intensified. Each of these markets offers the company excellent opportunities for growth in the years ahead. To meet the additional capacity needed, an order has been placed for another large Web Offset press which will be installed next summer.

In the field of pre-school education, Standard has expanded its line of Pict-O-Graph products, a new development in non-verbal teaching techniques. By arranging movable figures on a flannelboard, children learn nursery stories, how machines operate, the story of plant life and many other lessons important to the development of a child's mind.

Another step in the expansion of Standard's activities in the educational field was taken recently with the acquisition of College Entrance Publications of New York City. The company produces and markets a line of educational publications and audio-visual teaching programs.

The program of acquiring religious retail bookstores, which serve as distribution centers and retail outlets for Standard's literature and merchandise, took a major leap forward last year with the addition of eight new stores. With a present total of 24 stores, sales through this method of distribution have grown fivefold since this program was initiated three years ago.

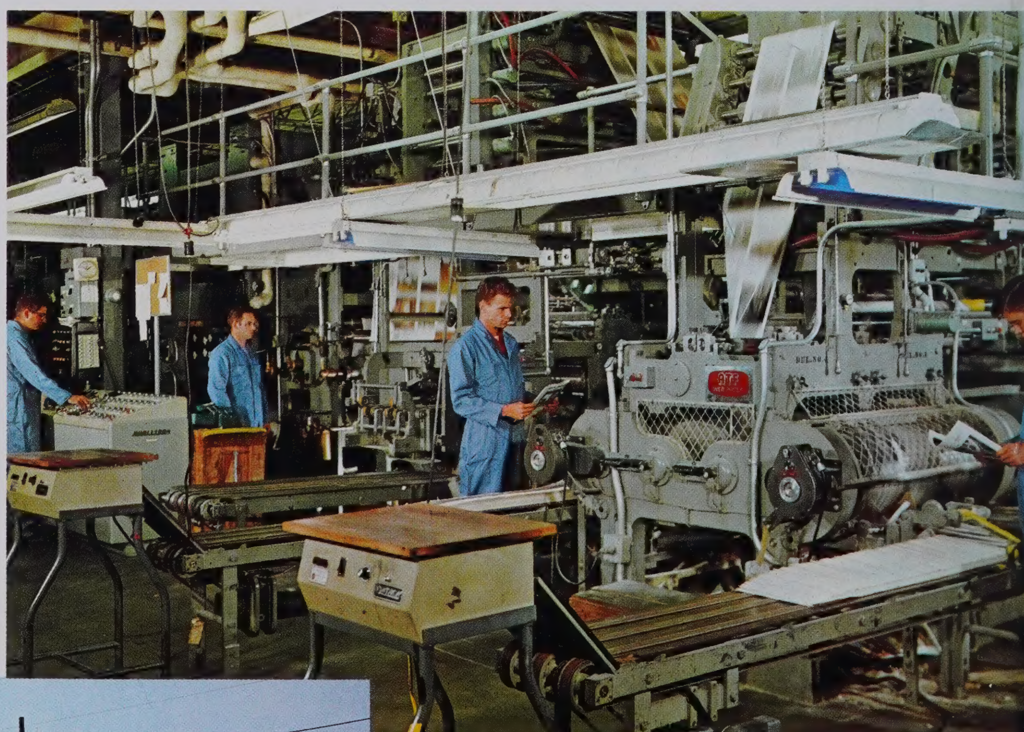
The Johnson-Watson division moved successfully into the field of pressure-sensitive labels and printed circuits. The unit installed new production facilities and established a new marketing program to expand its operations along these lines.

The recently-acquired Doubleday Bros. of Kalamazoo, Michigan, complements Standard Publishing's activities in several important areas. The firm produces and distributes business forms and supplies, election forms and educational materials.

Pan American Bag continued to keep pace with the growth of the Puerto Rican economy. The development of major shopping centers, the rapid expansion of local and U.S. retail chains and the extension of distribution to all major Caribbean islands contributed to the company's steady record of continuing growth. Operating at full capacity, a program to expand Pan American's plant and equipment has been initiated.

The recent introduction of the new "Packette Swinger" plastic bags with handles presents excellent prospects for added sales at Rex Packaging. The colorful new packaging medium offers exciting eye appeal for the merchandising and display of a wide variety of products and is also usable as an advertising medium or premium.

Quality products of recently-acquired College Entrance Publications are regarded as standard reference, review and teaching materials among students and instructors. The 41-year-old company is also a specialist in audio-visual teaching aids and materials.



Producing high-quality advertising inserts or colorful religious publications, Standard's fully integrated publishing and Web Offset printing facilities have been operating at practical capacity for the last decade, during which time three major expansions have been accomplished.

Doubleday Bros. produces a wide variety of business forms, printed materials for schools and other institutions, and election supplies for the State of Michigan. The firm's operations are headquartered in this modern 68,000-square-foot plant in Kalamazoo, Michigan.

MEDICAL PRODUCTS

Operating in one of the most dynamic areas of the American economy, the Edward Weck division again established new highs in both sales and earnings. Through the development of sophisticated new surgical instruments, the introduction of new disposable products and the expansion of its research and development activities, Standard anticipates continuing growth in a rapidly growing field.

The potential of the "health industry" seems unlimited. The health needs of a rapidly expanding population will require significant annual private and public expenditures for medical and hospital supplies, equipment, facilities and services. An increase from 1,700,000 hospital beds today to over 3,200,000 beds will be needed within the next decade to keep pace with minimum estimated requirements. Medicare, Medicaid and unprecedented hospital building programs will all result in a greater demand for goods and services.

As a major producer of quality surgical instruments, Weck is working closely with many of the outstanding medical schools in the development of instruments for use in connection with latest surgical procedures. The division has also been active in sponsoring the establishment of professional committees to ensure industry-wide quality standards for instruments.

The patented Hemo-Clip, used to stop the flow of blood during surgery, continues to make significant sales progress as a basic new instrument which considerably shortens surgical procedures. The new Weck Thermometer System, an integrated technique for the handling of thermometers, has been well received by leading hospitals. Weck also introduced several new disposable hospital products in the past year.

Very satisfactory initial results have been achieved in the recently-established EENT division for the manufacture and distribution of surgical instruments for the Eye, Ear, Nose and Throat. The high-quality products are hand-crafted by Weck technicians or produced in accordance with Weck's exacting specifications. This important new venture should begin making its contribution to profits during the next year.

Leading surgeons and hospitals increasingly look to Weck for the finest quality instruments and the latest developments in surgical and medical products.

INDUSTRIAL PRODUCTS

As a result of several recent acquisitions, industrial products have attained added significance in the Standard International family. Virtually all operating units in this group set new sales records in the past fiscal year and prospects for the year ahead appear to be equally promising.

In its first full year as a division of Standard, Procon Pump's performance exceeded its goals by a wide margin. To insure maintaining its position as a major manufacturer of pumps for the carbonation of soft drinks dispensed through vending machines and soda fountains, Procon took vigorous steps to strengthen its marketing operations both in the United States and abroad. In addition, significant strides were made to increase plant productivity and efficiency.

The growth of the soft drink vending industry and the Espresso coffee market in Europe has opened new opportunities for expansion throughout the Common Market. During the past year, a program for the appointment of European sales agents was initiated and a production facility was established in Krefeld, Germany, to service current business and to realize the additional potential on the Continent.

Roehlen Engraving sales for fiscal 1967 exceeded the record year of 1966, thus continuing the excellent growth trend that the unit has enjoyed for the past decade. Roehlen, the leading producer of engraved rolls and plates for plastics, paper, metals, textiles and many other materials, provides a comprehensive service to assist customers from original design to ultimate marketing goals. To further improve customer service and provide a more effective display of Roehlen's treasury of patterns and textures, a building addition has recently been completed containing expanded sales offices, display areas and sample rooms. The opening of Roehlen's new plant and facilities in Krefeld, Germany, will help the division to materially expand its international operations.

The Roll, Die and Mold division of Youngstown, Ohio, and the recently-acquired Detroit Metalcraft division of Detroit, Michigan, both made excellent contributions to sales and profits during the past year. These units engrave textured patterns on the inside of molds and dies which impart a decorative finish to injection, compression and blow molded products of all types. Both of these divisions complement Roehlen's marketing and manufacturing facilities.

Standard's industrial products operations achieved gratifying internal growth in fiscal 1967. In addition, the acquisitions that were consummated during the fiscal year will provide expanded sales and greater profit opportunities in the future.

The acquisitions include: Todd Steel of Point of Rocks, Maryland, producers of long-span steel joists used primarily in modern commercial and industrial construction; Master Etching Corporation of Lodi, New Jersey, manufacturers of metal name plates, dials and panels for business machines, appliances, electronic equipment, etc.; National Metal Specialties of Thompsonville, Connecticut, producers of precision metal stampings for the hardware and Christmas tree industries and metal beds for the marine, hospital and institutional fields; and H. E. Dickerman Manufacturing of Springfield, Massachusetts, manufacturers of patented automatic strip-feed devices for metal stamping operations and contract precision stampings of various types.

Master Etching produces embossed, etched, anodized and lithographed metal name plates, dials and panels for many of America's leading companies.

Todd Steel's highly automated 90,000-square-foot plant at Point of Rocks, Maryland, designs and fabricates long-span steel joists for commercial and industrial construction. A 60,000-foot plant expansion is now virtually completed.

Guaranteed delivery at the construction site — within thirty minutes of the promised delivery time — is a major marketing policy. Todd maintains its own fleet of trucks to insure its ability to meet such a guarantee.

CONSUMER PRODUCTS

Standard Household Products continued to provide a healthy cash flow and to make its usual excellent contribution to corporate profits. 1967 sales of Lestoil Pine Scent — the division's initial product — exceeded the sales of each of the two prior years, a unique achievement in the face of tremendous competition.

After months of extensive market testing in the West, Midwest and East, Standard introduced its first major new product in several years. The product, *Complete,* is an "all-in-one" laundry additive which replaces fabric softeners, water conditioners, bleaches and whitening agents in the washing machine. The housewife simply uses *Complete* plus one-half her regular detergent, thereby saving time, effort and money in obtaining a quality wash.

Introduced in New England with an extensive print, radio and television advertising program, *Complete* has already achieved very promising results and is now being introduced in other markets.

The development of new products and the improvement of existing products are other vital areas in which the company has been most active. Working with independent research organizations, this division introduced several improved formulations — Bon Ami Dust 'n Wax furniture polish now contains lemon oil; Lestoil's Spray Starch now contains silicone. It is anticipated that initial market research on one or two new products now under development will be initiated shortly.

The major event of the year at the Everedy division was the introduction of the exclusive new line of Ever-Clad cookware and bakeware. Developed through extensive company research, the product features an extremely durable double-coating of Teflon over chrome-coated steel. In contrast to previous Teflon products, standard metal kitchen tools can be used with Ever-Clad. It offers the housewife a heavier, longer-lasting and brighter-looking product. Initial reception to the line has been excellent and we are confident that this exclusive new construction will add to Everedy's sales and profits for the future.

Everedy also made progress in developing its industrial business in Teflon-coating, custom-stamping and plating. Licensed by DuPont as an authorized industrial coater, the unit has installed the equipment necessary to service major manufacturers.

When concluded, the pending acquisitions of Club Aluminum Products Company and Monarch Aluminum Manufacturing Company will make Standard a substantial factor in the housewares field.

In its first full year of operation, the Lanham Clothes division developed and introduced a complete new line of "natural shoulder" suits, sportcoats and trousers. The line was well received by leading specialty stores throughout the country and this unit looks forward hopefully to attaining a position of stature in an expanding industry.

Some of America's finest, best-known household brands are produced by the Standard Household Products division. Shown here are but a few of the products that have made their contribution to greater convenience for the American housewife.

FOREIGN OPERATIONS

Standard's Coca-Cola franchises once again established new records in both case sales — which rose from 35 million to about 40 million cases — and in total cash dividends received. Overall sales in both local currencies and in dollar equivalents were substantially ahead of the prior year. By all criteria, the performance of the Coca-Cola franchises in fiscal 1967 was exceedingly gratifying.

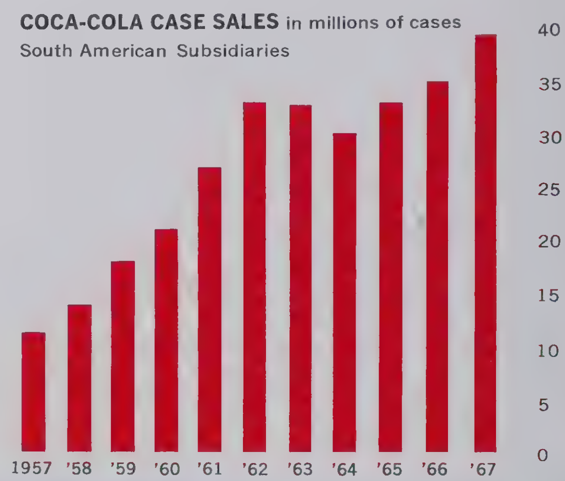
The introduction of new products continues to be an increasingly important factor in the maintenance of the growth of the various franchises. All three franchises have recently introduced new soft drink flavors. In Chile, Sprite achieved strong and immediate acceptance, and newly-developed fruit juices were also greeted with favorable response in the market-place. These new products contributed to the enormous sales gain realized in Chile this past year — and sales continue to increase strongly as this is written.

In Uruguay, the recently-introduced Fanta Orange and Tonic soft drinks scored further market penetrations. That unit has also entered into the sale of refreshment snacks at football games and other major public events — an activity that presents a very natural avenue for future expansion.

The introduction of new Fanta products and Sprite has also met with success in the Argentine franchise. Of particular importance in that area was the strengthening of the INTI organization by the election of William Bekker, former Vice President of the Coca-Cola Interamerican Corporation, to the Board of Directors of INTI. His many years of experience in the industry will make him a very valuable addition to the organization.

The Chilean franchise is currently in the midst of a major expansion program which will make its Santiago bottling plant one of the largest such plants in the world. The new facilities are essential to handle the rapidly-growing market for the company's products, and indications are that it will be operating at full capacity in the coming Chilean summer season.

Today, Standard's franchises service a total area of over 7,500,000 people, distributing its bottled drinks through over 50,000 retail outlets. This extensive production and marketing structure can be utilized effectively as a base of expansion to other products in the soft drink industry and for diversification into related industries — a logical development that is currently being thoroughly studied by the three bottling franchises.



STATEMENT OF CONSOLIDATED INCOME

	Fiscal Years Ended June 30	
	1967	1966
Income:		
Net sales	**$58,387,832**	$56,866,190
Dividends, interest and other income	**826,544**	675,467
Total income	**59,214,376**	57,541,657
Costs and Expenses:		
Cost of products sold	**35,430,354**	34,537,792
Selling, general and administrative expenses	**16,588,549**	16,639,653
Interest expense	**1,174,985**	1,093,970
Total costs and expenses	**53,193,888**	52,271,415
Income Before Taxes on Income	**6,020,488**	5,270,242
Provision for Federal and Other Taxes on Income	**2,620,000**	2,007,939
Net Income	**$ 3,400,488**	$ 3,262,303
Net Income per Share of Common Stock	**$1.60**	$1.53

STATEMENT OF CONSOLIDATED RETAINED EARNINGS

	Fiscal Years Ended June 30	
	1967	1966
Balance at Beginning of Year	**$ 8,656,327**	$ 7,261,892
Add — Balances of companies acquired in pooling-of-interests transactions	**615,025**	495,198
Balance at Beginning of Year - as Adjusted	**9,271,352**	7,757,090
Net Income	**3,400,488**	3,262,303
	12,671,840	11,019,393
Deductions:		
Cash dividends paid:		
Common stock — $.24 per share	**423,972**	406,669
4% cumulative preferred stock — $4 per share	**30,531**	35,880
4% stock dividend — based on market value at declaration date (including cash payments of $13,124 in lieu of fractional shares in 1966)	**726,916**	681,373
By pooled companies prior to acquisition:		
Cash dividends paid on common stock	**160,000**	173,334
Cash dividend paid on 7% cumulative preferred stock		5,054
Par value of additional shares issued (stock splits effected as stock dividends)	**133,332**	200,001
Excess of cost over stated value of treasury stock exchanged for net assets of an acquired company (exclusive of portion charged to capital surplus)		45,730
Provision for additional prior years' (1957-1959) Federal income taxes		200,000
Total deductions	**1,474,751**	1,748,041
Balance at End of Year	**$11,197,089**	$ 9,271,352

See notes to financial statements.

STANDARD INTERNATIONAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS	June 30, 1967 and 1966	
Current Assets:	**1967**	**1966**
Cash	$ 3,204,003	$ 2,818,963
Receivables — less allowances of $223,894 in 1967, $150,273 in 1966	9,115,029	7,379,941
Inventories	10,558,301	9,800,564
Prepaid insurance, taxes, etc.	341,549	276,527
Total current assets	23,218,882	20,275,995
Investments - at cost:		
Unconsolidated South American subsidiaries	3,857,511	3,857,511
Other	424,419	399,419
Total investments	4,281,930	4,256,930
Property, Plant and Equipment - at cost	21,963,455	19,970,099
Less accumulated depreciation and amortization	8,608,473	7,877,121
Property, plant and equipment — net	13,354,982	12,092,978
Other Assets:		
Mortgage notes and other receivables	505,039	297,002
Cash surrender value of insurance on lives of officers and employees	335,892	213,589
Patents, leaseholds, etc. (less amortization)	1,266,410	922,987
Total other assets	2,107,341	1,433,578
Goodwill, Formulae, Trademarks, etc.	6,681,942	6,493,585
Deferred Charges	490,704	189,867
Total	$50,135,781	$44,742,933

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 1967 and 1966	
	1967	**1966**
Current Liabilities:		
Notes payable and current portion of long-term debt	**$ 3,574,835**	$ 1,895,085
Accounts payable and withholdings	**2,839,536**	2,524,450
Federal, state and Canadian income taxes	**2,105,611**	2,491,794
Sundry accrued liabilities	**2,845,300**	2,537,636
Total current liabilities	**11,365,282**	9,448,965
Long-Term Debt (less current portion included above)	**17,794,446**	16,982,047
Unearned Subscriptions	**188,248**	171,279
Stockholders' Equity:		
Capital stock:		
Preferred — 4% cumulative; authorized, 20,000 shares of $100 par value each; issued, 17,562 shares; reacquired and cancelled, 8,592 shares	**897,000**	897,000
Common — authorized, 2,500,000 shares of no par value; stated value per share $3; issued, 2,112,037 shares in 1967, 2,035,492 shares in 1966	**6,336,111**	6,106,476
Capital surplus	**2,534,865**	1,865,814
Retained earnings	**11,197,089**	9,271,352
Total	**20,965,065**	18,140,642
Less cost of 3,417 shares of common stock ($42,260) and 1,783 shares of 4% preferred stock ($135,000) held in treasury	**177,260**	
Total stockholders' equity	**20,787,805**	18,140,642
Total	**$50,135,781**	$44,742,933

See notes to financial statements.

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

	Fiscal Years Ended June 30 1967	1966
SOURCE OF FUNDS:		
From operations:		
Net income	**$3,400,488**	$3,262,303
Depreciation and amortization of property, plant and equipment	**1,498,662**	1,497,576
Amortization of patents, leaseholds, etc.	**128,854**	119,423
Other — net	**(25,741)**	35,594
Total	**5,002,263**	4,914,896
Increase in long-term debt	**3,389,818**	4,400,000
Proceeds from dispositions of property, plant and equipment	**1,117,966**	40,516
Proceeds from sale of common and treasury stock under employee stock option plans	**41,988**	42,006
Cost of treasury stock given in exchange for net assets	**51,956**	
Proceeds from sale of treasury stock		13,124
Total	**9,603,991**	9,410,542
APPLICATION OF FUNDS:		
Purchases of property, plant and equipment	**3,798,106**	1,373,456
Payment of long-term debt	**2,577,419**	3,037,870
Increase in patents, leaseholds, investments and other assets	**1,159,356**	939,070
Cash dividends paid (including in 1967, $160,000, and 1966, $178,388, by pooled company)	**614,503**	634,061
Cost of treasury stock acquired	**230,450**	72,367
Excess of cost over underlying assets of companies acquired	**188,697**	776,996
Increase in liabilities for prior years' Federal income taxes		200,000
Other — net	**8,890**	106,461
Total	**8,577,421**	7,140,281
Increase in Working Capital	**$1,026,570**	$2,270,261

See notes to financial statements

ACCOUNTANTS' OPINION

To the Directors and Shareholders of
Standard International Corporation:

We have examined the financial statements of Standard International Corporation and its consolidated subsidiaries except certain domestic and Canadian subsidiaries and divisions, for the year ended June 30, 1967. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. As to the domestic and Canadian subsidiaries and divisions not examined by us, we were furnished with reports of other accountants on their examinations of the financial statements of such subsidiaries and divisions for the year.

In our opinion, based on our examination and the reports of other accountants referred to above, the accompanying consolidated balance sheet and statements of consolidated income and retained earnings and of source and application of funds present fairly the financial position of Standard International Corporation and its consolidated subsidiaries at June 30, 1967 and the results of their operations and the source and application of their funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Boston, Massachusetts
August 22, 1967

Haskins & Sells

NOTES TO FINANCIAL STATEMENTS

Basis of Consolidation, etc.

The consolidated financial statements for the year ended June 30, 1967 include the accounts of Standard International Corporation (the Company) and all of its wholly-owned subsidiaries. The three South American subsidiaries in which the Company holds an interest of slightly more than 50% are not consolidated.

On June 14, 1967 the Company acquired the net assets and business of Todd Steel, Inc. in exchange for 300,000 shares of previously unissued common stock. This acquisition was accounted for as a pooling of interests and accordingly the consolidated financial statements for the current year include the operations of Todd Steel, Inc. for the entire year and the financial statements for the preceding year have been restated on a comparable basis. The excess of the stated value of the Company's common stock issued ($900,000) over the common stock and capital surplus of Todd ($412,447) has been charged to capital surplus.

During the year ended June 30, 1967, the Company purchased the net assets or outstanding capital stock of six companies including National Metal Specialties Company and Master Etching Corporation for cash and notes. These acquisitions were accounted for as purchases and accordingly the consolidated financial statements include their operations from their respective dates of acquisition; net sales of these companies since acquisition amounted to $1,652,133 in 1967. The excess of purchase price over underlying assets of these companies at date of acquisition, $188,697, has been allocated to goodwill, formulae, trademarks, etc.

On October 3, 1966 the Company sold the inventories, machinery and equipment, certain other assets, and the business of its Tidy Home Division for approximately book value.

Inventories

Except for the inventories of one division which are carried at last-in, first-out cost (lifo), all other inventories are carried at the lower of cost (first-in, first-out or average) or market. The replacement value of the lifo inventory at June 30, 1967 is approximately $590,000. Inventory at June 30, 1967 is comprised of the following:

	Lower of Cost or Market	Last-in, First-Out	Total
Finished goods	$ 4,690,601	$ 73,866	$ 4,764,467
Work in process	1,721,100	72,188	1,793,288
Raw materials and supplies	3,846,912	153,634	4,000,546
Total	$10,258,613	$299,688	$10,558,301

Unconsolidated South American Subsidiaries

The Company owns slightly over 50% of the outstanding common stock of three Coca-Cola bottling companies located in Chile, Uruguay, and Argentina. The Company carries its investment at cost and only actual cash dividends paid to the Company are included in income.

The following condensed financial statements are an arithmetic combination of the individual audited financial statements of these companies translated into U.S. dollars on the basis indicated in note (a) below:

CONDENSED COMBINED BALANCE SHEET

	June 30 1967	1966
Current assets	$ 2,751,588	$ 2,226,917
Property and equipment, less reserves	13,386,459	12,935,159
Other assets	463,119	730,336
Total	$16,601,166	$15,892,412
Current liabilities	$ 3,399,418	$ 3,518,959
Customer deposits	1,853,003	1,687,115
Reserves, etc.	118,100	171,045
Stockholders' equity	11,230,645	10,517,293
Total	$16,601,166	$15,892,412

CONDENSED COMBINED STATEMENT OF INCOME

	Years Ended June 30 1967	1966
Net sales	$29,765,897	$23,924,520
Cost of sales and operating expenses	27,469,815	22,200,910
Income from operations	2,296,082	1,723,610
Translation gains (Note b)	295,740	266,461
Income credits — net	65,287	261,122
Income before taxes on income	2,657,109	2,251,193
Income taxes	707,063	705,943
Net income	$ 1,950,046	$ 1,545,250

Notes:

a. The financial statements have been translated into U.S. dollars on the following basis:
   Current assets and liabilities at exchange rates in effect at the end of the year.
   Other assets and liabilities at U.S. dollar equivalents at time of origin.
   Income and expenses at average exchange rates, except depreciation which is based on translated cost of the property at date of acquisition. The average exchange rate has been computed on the basis of a daily average exchange rate computed for each month's operations.

b. The unrealized translation gain arising from translation of assets and liabilities is included in income. The Company's equity therein amounted to $153,772 and $139,305 for 1967 and 1966, respectively.

The Company's equity in the combined net assets of these companies exceeded its investments therein by approximately $2,100,000 at June 30, 1967.

The Company's equity in the combined net income of these companies and cash dividends received were $1,036,051 and $548,248, respectively, for the year ended June 30, 1967 and $818,564 and $497,069 respectively, for the year ended June 30, 1966.

Property, Plant and Equipment

Details of property, plant and equipment at June 30, 1967 and 1966 are as follows:

	1967	1966
Land and land improvements	$ 979,705	$ 944,980
Buildings	7,012,418	6,432,597
Machinery and equipment	11,880,055	11,190,898
Office furniture and fixtures	995,991	867,884
Transportation equipment	553,349	359,226
Leasehold improvements	541,937	174,514
Total	$21,963,455	$19,970,099

Provisions for depreciation and amortization of property, plant and equipment during the years ended June 30, 1967 and 1966 aggregated $1,498,662 and $1,497,576, respectively.

Goodwill, Formulae, Trademarks, etc.

The values allocated to goodwill, formulae, trademarks, etc. represent the excess of cost over underlying assets of companies acquired. No provision for amortization of goodwill, formulae, trademarks, etc. has been made in the accompanying financial statements since, in the opinion of management, there has been no diminution in value of these assets.

Long-Term Debt

A summary of long-term debt as of June 30, 1967 follows:

Non-subordinated:	
Notes payable to insurance companies and various institutions, 5¾% and 6¼%	$ 6,623,000
Notes payable to banks, 5¼% to 6%	4,741,112
Other, to 6%	492,046
Subordinated:	
Convertible notes payable to an insurance company — 6%	1,000,000
Subordinated debentures — 6½%	2,031,960
Notes payable to former owners (of acquired net assets) and principal stockholders, generally 4% to 6%	5,158,527
Total	20,046,645
Less portion due within one year	2,252,199
Total long-term debt	$17,794,446

The aggregate amounts of long-term debt maturities due each fiscal year to June 30, 1972 and subsequent thereto are as follows:

1969	$ 4,581,457
1970	1,308,581
1971	1,167,159
1972	901,725
After 1972	9,835,524
Total	$17,794,446

The loan agreements relating to the notes payable to insurance companies and the 6½% subordinated debentures contain provisions relating to the maintenance of consolidated working capital and restrictions on the payment of dividends, the purchase of shares of the Company's capital stock, and on investments. The amount of consolidated retained earnings free of restrictions was approximately $680,000 at June 30, 1967.

At June 30, 1967 certain of the notes payable to banks are collateralized by (1) real estate in Rochester, New York, with a net book value of $716,425, (2) a printing press at the Standard Publishing Division, with a net book value of $348,667, and (3) all of the shares of capital stock of Pan American Bag Company, Inc., a wholly-owned subsidiary. Other non-subordinated notes payable includes two notes, one of which is collaterized by all land and buildings owned by Pan American, with a net book value of $537,549; the other is collaterized by certain assets at the Lanham Division, with a net book value of $1,149,498.

The 6% subordinated note payable to an insurance company may be converted into shares of the Company's common stock at any time prior to December 15, 1974 at various prices ranging from $14.125 prior to December 15, 1968 and increasing to $17.75 after December 14, 1973. At June 30, 1967, 70,796 shares of common stock are reserved for such conversion. In addition, 8,113 shares of common stock are reserved for conversion of 6% subordinated notes payable to former owners at a conversion price of $14.42 (after adjustment under anti-dilution provisions).

On August 15, 1967 the Company sold a $12,000,000 issue of 5% convertible subordinated debentures to underwriters for public offering at par. The debentures which are due August 1, 1987 are convertible into common stock at the conversion price of $23 per share; the conversion price is subject to adjustment upon the occurrence of certain events. In accounting for this issue, it is the present intention of management that an amount will be assigned to the debenture conversion privilege and credited to capital surplus; a corresponding amount will be recorded as a deferred charge and will be amortized by charges to income over the term of the issue.

Federal Income Taxes

The Company and its domestic subsidiaries file consolidated Federal income tax returns. The provision of $2,335,000 for Federal income tax reflects the reduction of $30,000 of investment credit applicable to property purchased or leased during the current year. Consolidated net income includes $732,809 of foreign income not subject to Federal income tax.

During 1966 the Internal Revenue Service completed its examination of the Federal income tax returns of (1) the Company, its subsidiaries, and a former subsidiary for the years 1957 through 1964 and the Federal income tax returns of a predecessor organization (from which the Company purchased the net assets of the Standard Publishing Division) for the calendar years 1955, 1956, and 1957, and (2) of certain merged companies, Lestoil Products, Inc. and its subsidiaries for the years 1963 and 1964 and of The Bon Ami Company and its subsidiaries for the years 1962, 1963, and 1964. As a result of these examinations substantial adjustments have been proposed by the Internal Revenue Service. The Company is contesting the greater portion of the adjustments and has made provision in the accompanying financial statements for the additional taxes (and interest to June 30, 1967), which in the opinion of management and its counsel, may ultimately be due.

Capital Stock and Capital Surplus

On July 28, 1967 the stockholders approved a resolution to amend the Articles of Incorporation so as to increase the authorized shares of common stock from 2,500,000 to 5,000,000 shares and to authorize the issuance of up to 1,000,000 shares of preference stock (without par value).

The changes in common stock and capital surplus accounts during the year ended June 30, 1967 were as follows:

	Common Stock	Capital Surplus
Balance at beginning of year	$5,206,476	$2,486,699
Adjustment resulting from the issue of 300,000 shares of unissued common stock in connection with pooling of interests	900,000	(620,885)
Balance at beginning of year — as adjusted	6,106,476	1,865,814
Capitalization of retained earnings and issue of 69,230 shares of unissued stock resulting from 4% stock dividend	207,690	519,225
Par value of additional shares issued by a company acquired in a pooling-of-interests transaction (stock split effected as stock dividend)		133,332
Proceeds received upon exercise of employee stock options for 7,315 shares of unissued common stock	21,945	19,070
Other (charges)		(2,576)
Balance at end of year	$6,336,111	$2,534,865

Long-Term Leases

Premises at various locations are leased under long-term agreements that had initial lease periods generally from five to twenty years. Certain of these leases contain purchase and renewal options. The annual rental under these leases expiring on varying dates to the year 1985 is approximately $450,000. The Company, under a master lease agreement with a leasing company, has leased equipment at June 30, 1967 at various locations with annual rentals of approximately $80,000 over an initial ten-year term.

Commitments and Contingent Liabilities

Certain officers and key employees have employment contracts, generally for five year periods, which provide for annual compensation of $628,300. In the opinion of management and counsel the employment contracts provide for no current vested interest of the parties and the amounts of future payments, determined on an actuarial basis, are not believed to be material; therefore, no provision has been made in the financial statements for future obligations under the contracts.

Under an agreement dated March 25, 1960 with the owners of certain predecessor companies, the Company is obligated to pay such parties an amount equal to one-half of the annual net profits after taxes (as defined in the agreement) of such companies (now constituting a portion of a subsidiary) in excess of $1,500,000 until either a total of $4,000,000 shall have been paid or the period ending October 31, 1969 shall have elapsed, whichever event occurs first. When and if these payments are made, they will be assigned to the intangible assets. No such additional payments have been required through June 30, 1967.

Unexpended appropriations for the construction of additional plant facilities at two divisions approximated $1,200,000 at June 30, 1967. Portions of these amounts are covered by firm commitments.

Employee Benefit Plans

The Company has in effect non-contributory retirement plans for substantially all employees. The principal pension plan, which covers employees at most divisions, was adopted as of July 1, 1966 and superseded various plans that formerly covered these employees.

Pension expense for 1967 was $269,435, including amortization of prior service cost over 30 years from the adoption of the plans. The costs are funded as they are accrued.

In addition to the consolidation of pension plans by the adoption of the principal plan, other concurrent changes were made in the actuarial method and assumptions and in the accounting for data derived from actuarial computations. It was not practicable to determine the separate effect of each of the many changes; however, the total annual pension cost for 1967 was only $16,173 less than the 1966 cost of $285,608. The revised accounting complies with the recommendations of Accounting Principles Board Opinion No. 8 "Accounting for the Cost of Pension Plans."

The Company has profit sharing plans in effect at three divisions. Under these plans an amount of $167,165 was charged to income during 1967.

Per Share Data

Per share data are based on the average number of common shares outstanding during each year, after recognition of the dividend requirements on the 4% cumulative preferred stock.

On a pro forma basis, net income per share of common stock, giving effect to the full conversion of 6% subordinated notes and the exercise of stock options and warrants (and the application of the proceeds therefrom to reduce long-term debt) would have been $1.47 for the year ended June 30, 1967.

Stock Options and Warrants

A summary of options outstanding follows:

	Options Granted to		
	Employees	Lenders	Underwriter
Options outstanding, July 1, 1966	152,261	43,687	13,000
Options exercised at $5.55 and $9.74	(7,415)		
Options canceled or expired	(1,031)		
Increase in options outstanding resulting from 4% stock dividend	6,170	1,747	520
Options granted at $10.62 and $10.75 (equivalent to fair market value at date of grant)	2,400		
Options June 30, 1967: Outstanding	152,385	45,434	13,520
Exercisable	123,053	45,434	13,520
Option price per share	$5.55 to $15.19	$9.71 to $25.88	$14.84 to $17.75
Expiration dates	1967 to 1972	1967 and 1972	1969

The details of common stock reserved for issuance under stock options and warrants at June 30, 1967 are as follows:

Reserved for employee stock options granted	152,385
Reserved for employee stock options to be granted	9,523
Reserved for warrants held by lenders	45,434
Reserved for option held by underwriter	13,520
Reserved for conversion of 6% subordinated notes	78,909
Total shares reserved	299,771

Transactions Subsequent to Balance Sheet Date

See preceding notes relating to long-term debt and capital stock concerning sale of $12,000,000 of 5% convertible subordinated debentures, authorization of 2,500,000 additional shares of common stock, and a new class of 1,000,000 shares of preference stock.

Since June 30, 1967, the Company has purchased or entered into agreements to purchase five companies. Four of the companies will be purchased for an aggregate price of approximately $4,150,000, of which $1,530,000 will be paid in cash and $2,620,000 will be represented by notes ($1,687,000 of such notes will be convertible into common stock of the Company at a price of $23 per share, subject to adjustment under certain conditions) and the other company for 103,000 shares of the Company's common stock. The combined sales and total assets of these companies for their latest fiscal years were approximately $14,400,000 and $7,400,000, respectively.

THREE-YEAR FINANCIAL REVIEW — AS PREVIOUSLY REPORTED (1)

	Fiscal Years Ended June 30		
OPERATIONS	**1967**	**1966**	**1965**
Consolidated Net Sales	**$58,387,832**	$52,089,631	$51,254,127
Unconsolidated Net Sales of Foreign Subsidiaries	**29,765,897**	23,924,520	24,489,431
Total	**88,153,729**	76,014,151	75,743,558
Income Before Taxes on Income	**6,020,488**	4,321,380	3,617,010
Provision for Taxes on Income	**2,620,000**	1,550,000	1,085,000
Net Income	**3,400,488**	2,771,380	2,532,010
Depreciation and Amortization	**1,627,516**	1,540,829	1,364,383
Cash Flow	**5,002,263**	4,347,803	3,928,852
PER SHARE OF COMMON STOCK (2)			
Earnings	**1.60**	1.52	1.41
Earnings — On Normalized Tax Basis (3)	**1.60**	1.41	1.21
Cash Flow	**2.38**	2.41	2.22
Working Capital	**5.64**	5.74	4.62
Book Value	**9.53**	9.06	7.77
Cash Dividends	**.24**	.23	.15
Number of Shares Outstanding	**2,101,625**	1,804,722	1,765,910
FINANCIAL POSITION			
Working Capital	**11,853,600**	10,359,095	8,158,171
Current Ratio	**2.04 to 1**	2.24 to 1	1.99 to 1
Plant and Machinery — Net	**13,354,982**	11,495,480	11,709,108
Total Assets	**50,135,781**	42,566,261	38,867,330
Long-Term Debt	**20,046,644**	18,130,375	17,338,886
Stockholders' Equity	**20,787,805**	17,246,502	14,615,772

(1) The above data, with the exception of per share amounts which have been adjusted to reflect the 4% stock dividends paid in January and December, 1966, are as reported in Annual Reports for the respective years without retroactive restatement for any pooling-of-interests.

(2) Per share data is based on average number of shares outstanding as to 1967 and shares outstanding at end of year as to 1966 and 1965, after reflecting 4% stock dividends paid in January and December, 1966.

(3) Reflects elimination in 1965 and 1966 of Federal income tax loss carry-forwards.

CORPORATE DIRECTORY

PUBLISHING, PRINTING, PACKAGING

Standard Publishing
8121 Hamilton Avenue, Cincinnati, Ohio 45231
PRESIDENT: James N. Johnson

Publishes, prints and distributes religious literature and educational materials; commercial printing.

Berean Book Rooms
8121 Hamilton Avenue, Cincinnati, Ohio 45231
600 West Main Street, Alhambra, California 91801
GENERAL MANAGER: Talmage B. Booth, Jr.

Chain of 24 religious retail bookstores. ARIZONA: Phoenix; CALIFORNIA: Alhambra, Bakersfield, Burbank, Fullerton, Huntington Park, Los Angeles, Pomona, Riverside, Sacramento, Santa Ana, Ventura, Whittier; FLORIDA: St. Petersburg; INDIANA: Indianapolis; KENTUCKY: Louisville; OHIO: Akron, Canton, Cincinnati, Dayton, Xenia; OREGON: Eugene.

Johnson-Watson Printing
114-120 North Jefferson Street, Dayton, Ohio 45402

Commercial printing, produces election supplies, pressure-sensitive labels and printed circuits.

Doubleday Bros. & Co.
1919 E. Kilgore Road, Kalamazoo, Michigan 49001
PRESIDENT: Donald B. Doubleday

Produces business forms and printed materials for schools and institutions; supplies election materials in Michigan; distributes office systems and equipment through retail showrooms in Kalamazoo, Jackson and Lansing, Michigan.

Pan American Bag Company
Box 1047, Bayamon, Puerto Rico 00620
PRESIDENT: Herbert Breslow

Leading producer of paper bags for Puerto Rico and the Caribbean area.

Rex Packaging
10 Minue Street, Carteret, New Jersey 07008
PRESIDENT: Irving A. Singer

Manufactures specialty and plastic handle bags; packaging converter.

MEDICAL PRODUCTS

Edward Weck & Company
49-33 31st Place, Long Island City, New York 11101
1070 East Green Street, Pasadena, California 91101
EENT Division: 973 Lexington Avenue, New York, N.Y. 10021
PRESIDENT: Robert D. Howse

Manufactures and distributes a broad and diversified line of precision surgical instruments, hospital supplies and medical equipment.

Durham-Enders Company
Mystic, Connecticut 06355

Manufactures razors and blades for medical applications and industrial uses.

CONSUMER PRODUCTS

Standard Household Products
51 Garfield Street, Holyoke, Massachusetts 01040
PRESIDENT: Charles J. McCarthy

Manufactures and distributes a wide variety of household cleaning and laundering products.

Everedy Division
8 East Street, Frederick, Maryland 21701
PRESIDENT: Arthur E. Read, Jr.

Produces housewares made of chrome-plated and stainless steel, and Teflon-coated cookware and bakeware.

Lanham Clothes Division
15 Union Street, Lawrence, Massachusetts 01840
1290 Avenue of the Americas, New York, New York 10019
GENERAL MANAGER: Sol Sackel

Manufactures a line of premium men's clothing including suits, sportcoats, vests and slacks.

INDUSTRIAL PRODUCTS

Roehlen Engraving
701 Jefferson Road, Rochester, New York 14623
PRESIDENT: Henry J. Piechota

Produces engraved steel embossing rolls and plates used to produce textured designs and surface effects on plastic, paper, metal, wallboard, rubber, etc.

Roll, Die & Mold Division
801 North Meridian Road, Youngstown, Ohio 44509
GENERAL MANAGER: Robert M. Pieters

Engraves textured patterns on the inside of molds and dies to achieve decorative effects on molded products.

Detroit Metalcraft
58-60 Alfred Street, Detroit, Michigan 48201
GENERAL MANAGER: Anthony Matranga

Engraving and etching of dies and molds.

Procon Pump Division
21750 Coolidge Highway, Oak Park, Michigan 48237
PRESIDENT: A. Barry Merkin

Manufactures pumps for the carbonation of soft drinks, for Espresso coffee machines, water booster systems and other applications.

Todd Steel Division
Point of Rocks, Maryland 21777
PRESIDENT: Norman W. Todd

Manufactures and distributes prefabricated, long-span structural steel joists and trusses utilized in industrial and commercial construction.

Master Etching Division
60 Industrial Road, Lodi, New Jersey 07644
PRESIDENT: Milton Tucker

Manufactures embossed, etched, anodized and lithographed metal nameplates, dials and panels for a wide variety of consumer and industrial products.

H. E. Dickerman Company
221 Albany Street, Springfield, Massachusetts 01105
PRESIDENT: Robert E. Weissman

Produces precision stampings and automatic strip-feed devices for punch presses and stamping operations.

National Metal Specialties
58 Main Street, Thompsonville, Connecticut 06082
PRESIDENT: Patrick J. O'Toole

Manufactures hardware products and metal stampings for cleaning equipment and industrial applications. Also metal beds for the marine, educational and hospital industries.

FOREIGN OPERATIONS

Coca-Cola Franchises
South America
PRESIDENT: Thomas L. King, *Roehlen, Limited*

Bottlers of Coca-Cola and other soft drinks.

INTI, Cordoba, Argentina
PRESIDENT: Maurice Kember
GENERAL MANAGER: Oscar Castell

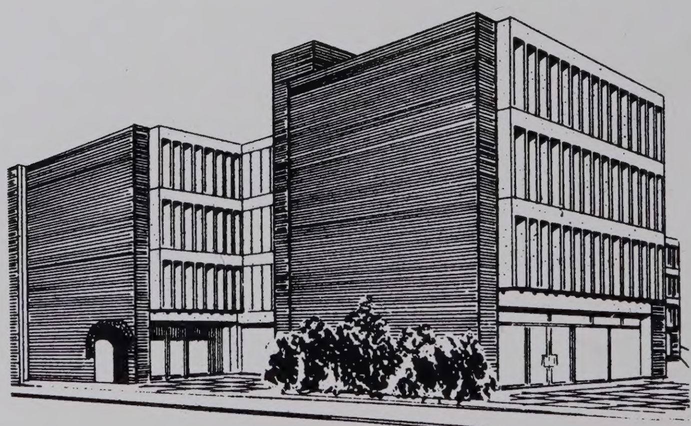
ANDINA, Santiago and Valparaiso, Chile
PRESIDENT: Joseph J. Cussen
GENERAL MANAGER: Carlos Parker

MONRESA, Montevideo, Uruguay
PRESIDENT: Haroldo Garcia Arocena
GENERAL MANAGER: Juan J. Oteiza

Pannes, Werthmann Division
352-354 Koelner Street, 415 Krefeld, Germany
GENERAL MANAGER: Everett R. Bosselait

Produces Procon pumps and embossing rolls for the European market.

EXECUTIVE OFFICES
Elm Square, Andover, Massachusetts 01810



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